

NEWS RELEASE



***OFFICE OF THE UNITED STATES ATTORNEY
SOUTHERN DISTRICT OF CALIFORNIA
San Diego, California***

***United States Attorney
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For Immediate Release

NEWS RELEASE SUMMARY - November 16, 2004

United States Attorney Carol C. Lam today announced the entry of the sixth felony guilty plea in the government's investigation and prosecution of past securities fraud at Peregrine Systems, Inc. ("Peregrine"), a business software company headquartered in San Diego, California.

On October 5, 2004, a federal grand jury in San Diego handed up an indictment charging Larry Alan Rodda, a former business partner of Peregrine, with having conspired with eight former Peregrine executives, another former Peregrine business partner, and a Peregrine auditor to commit a multi-billion dollar securities fraud. Rodda is the first from that group of eleven defendants to plead guilty.

Rodda was a principal of KPMG LLP's consulting division (later spun off as KPMG Consulting LLC, now incorporated as BearingPoint, Inc.), with which Peregrine had a co-marketing alliance. In today's proceedings, Rodda, 54 years of age, pleaded guilty to Count One of the indictment, conspiracy to commit securities fraud, wire fraud, falsification of corporate books, records and accounts, and bank fraud. Rodda admitted that as a principal of KPMG he signed several multi-million dollar contracts that misleadingly appeared to commit KPMG to purchase Peregrine software and services, when in fact Peregrine sales

executives gave oral assurances to Rodda that KMPG would not have to pay Peregrine on these contracts according to the written terms of the contracts. Rodda signed these contracts knowing that Peregrine personnel would fraudulently report those contracts as genuine sales to others. On occasion, Rodda admitted, these sham contracts were even backdated to allow Peregrine personnel to falsely claim them as sales in fiscal quarters that had already ended. Rodda also admitted that he signed and delivered a misleading audit confirmation to Peregrine's former auditor, and that he testified misleadingly before the staff of the United States Securities and Exchange Commission.

United States Attorney Carol C. Lam stated, "The corporate outsiders who knowingly aided and abetted the massive fraud at Peregrine share the criminal responsibility for that fraud. This plea demonstrates that they will be held to account for their criminal actions."

San Diego FBI Special Agent in Charge Daniel R. Dzwilewski stated: "Today's plea is another example of the FBI's steadfast commitment to hold those engaged in corporate fraud accountable for their actions. This conviction demonstrates that even the outside consultant involved in the facilitation of the fraud will be held accountable for knowingly helping their client mislead its investors."

The case is the result of a joint investigation by the Federal Bureau of Investigation and the U.S. Securities and Exchange Commission.

DEFENDANT

Larry A. Rodda

SUMMARY OF CHARGES AND MAXIMUM PENALTIES

Count 1: Conspiracy to Commit Securities Fraud, Wire Fraud, Falsification of Books and Records, and Bank Fraud - Title 18, United States Code, Section 371
Maximum penalty: 5 years imprisonment, \$250,000 fine

INVESTIGATING AGENCIES

Federal Bureau of Investigation
United States Securities and Exchange Commission